

## **Ernie Busch**

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**From:** Ernie Busch  
**Sent:** Tuesday, January 14, 1997 9:24 AM  
**To:** Ben Stone  
**Subject:** WALSH ENGINEERING (DHC)  
**Importance:** High

FEDERAL 11 #3  
F-11-28N-13W  
RECOMMEND: APPROVAL

Submit 3 Copies  
to Appropriate  
District Office

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-103  
Revised 1-1-89

## OIL CONSERVATION DIVISION

District I  
P.O. Box 1980, Hobbs NM 88240

District II  
P.O. Drawer DD, Artesia, NM 88210

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

WELL API NO. 30-045-29362		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>		6. State Oil & Gas Lease No.	
SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)					
1. Type of Well: <input type="checkbox"/> OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER		7. Lease Name or Unit Agreement Name San Juan 32-7 Unit 009260			
2. Name of Operator Pitts Petroleum Company		8. Well No. S.J. 32-7 Unit #36A			
3. Address of Operator 5525 Highway 64, NBU 3004, Farmington, NM 87401		9. Pool name or Wildcat Blanco Mesaverde 72319			
4. Well Location Unit Letter K : 1859' Feet From The South Line and 1817' Feet From The West Line Section 8 Township 32N Range 7W NMPM San Juan County		10. Elevation (Show whether DF, RKB, RT, GR, etc.) 6230' ground level			

### Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

### NOTICE OF INTENTION TO:

### SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK	<input type="checkbox"/>	PLUG AND ABANDON	<input type="checkbox"/>	REMEDIAL WORK	<input type="checkbox"/>	ALTERING CASING	<input type="checkbox"/>
TEMPORARILY ABANDON	<input type="checkbox"/>	CHANGE PLANS	<input type="checkbox"/>	COMMENCE DRILLING OPNS.	<input type="checkbox"/>	PLUG AND ABANDONMENT	<input type="checkbox"/>
PULL OR ALTER CASING	<input type="checkbox"/>			CASING TEST AND CEMENT JOB	<input type="checkbox"/>		
OTHER:	<input type="checkbox"/>	OTHER: 4-1/2" liner <input checked="" type="checkbox"/>					

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

RII & drill float collar & 20' cement. PT casing. Drilled to 5650' (TD). Reached TD @ 1310 hrs on 5-19-96. Circ.: LD workstring. RU casing crew and RIH w/4-1/2" 10.5# J-55 STC 8rd casing & set @ 5650'; top of liner 3446'. RU BJ cementers. Cemented liner w/170 SX Class "B" cement w/4% Gel & 6#/sx gilsonite & 1/2% CF14 @ 13.5 ppg, 1.73 ft3/sx yield. Displaced w/60 bbls 1% KCl water. Plug down @ 2235 hours on 5-19-96. Bumped plug, set Bailer liner packer @ 3446'. Reverse circulate, circulated 10 sx cement returns to surface. POH. ND BOP and RD.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

*E. H. Haseley*

TITLE Envr./Regulatory Engineer DATE 5-21-96

TYPE OR PRINT NAME E. H. Haseley

(This space for State Use)

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

TITLE

DATE

TELEPHONE NO. 505-599-3460



**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892

December 9, 1996

TO: Ernie Busch

FROM: Ruth Rogge

Enclosed is a copy of Application for Downhole Commingling  
on the Federal 11 #3 which was sent to Santa Fe for approval.

rr

Enclosure

**RECEIVED**  
DEC 10 1996

**OIL CON. DIV.**  
**DIST. 3**

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-A  
New 3-12-96

DISTRICT II  
811 South First St., Artesia, NM 88210-2835

OIL CONSERVATION DIVISION

2040 S. Pacheco  
Santa Fe, New Mexico 87505-6429

APPROVAL PROCESS:

Administrative ☐ Hearing ☐

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410-1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

☐ YES ☐ NO

Thompson Engineering & Production Corp. 7415 E. Main Farmington, New Mexico 87402  
Operator Address

Federal 11 #3 I 11 28N 13W San Juan  
Lease Well No. Unit Ltr. - Sec. - Twp. - Rge. County

Spacing Unit Lease Types: (check 1 or more)  
OGRID NO. 037581 Property Code 18115 API NO. 30-045-23291 Federal ☒ State ☐ (landlord) Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	71629 Basin Fruitland Coal		W. Kutz Pictured Cliffs 79680
2. Top and Bottom of Pay Section (Perforations)	1609 - 1628		1641 -1645
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
5. Bottomhole Pressure	a. (Current) 175	a.	a. 180
Oil Zones - Artificial Lift: Estimated Current			
Gas & Oil - Flowing: Measured Current	b. (Original) 175	b.	b. N/A
All Gas Zones: Estimated Or Measured Original			
6. Oil Gravity (°API) or Gas BTU Content			
7. Producing or Shut-In?	Producing		Shut In
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In, give date and oil/gas/water rates of last production	Date: Rates:	Date: Rates:	Date: 9/96 Rates: 92 MCF/D 17 BWPD
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data			
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 11/96 Rates: 30 MCF/D 20 BWPD	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: % Gas: 39.1 %	Oil: % Gas: %	Oil: % Gas: 60.9 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes ☐ No ☒  
If not, have all working, overriding, and royalty interests been notified by certified mail? ☒ Yes ☐ No  
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No

11. Will cross-flow occur? Yes ☐ No ☒ If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes ☐ No ☐ (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No

13. Will the value of production be decreased by commingling? Yes ☐ No ☒ (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S):

16. ATTACHMENTS:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of all offset operators.
- Notification list of working, overriding, and royalty interests for uncommon interest cases.
- Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Paul C. Thompson TITLE President DATE 12/2/96

TYPE OR PRINT NAME Paul C. Thompson TELEPHONE NO. ( 505 ) 327-4892

RECEIVED  
DEC 10 1996

**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -

**ADMINISTRATIVE APPLICATION COVERSHEET**

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

**Application Acronyms:**

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]  
[DD-Directional Drilling] [SD-Simultaneous Dedication]  
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

**[1] TYPE OF APPLICATION - Check Those Which Apply for [A]**

[A] Location - Spacing Unit - Directional Drilling

☐ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

**[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply**

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

**[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity

Paul C. Thompson

Print or Type Name

*Paul C. Thompson*  
Signature

President

Title

12/2/96

Date

District I  
PO Box 1908, Hobbs, NM 88241-1908  
District II  
PO Drawer DD, Artonia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* APT Number 30-045-23291		* Pool Code 79680	* Pool Name West Kutz Pictured Cliffs
* Property Code 18115	* Property Name Federal 11		* Well Number 3
* OGRID No. 037581	* Operator Name Thompson Engr. & Prod. Corp.		* Elevation 5896

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Foot from the	North/South Line	Foot from the	East/West Line	County
I	11	28N	13W		1465	FSL	1184	FEL	San Juan

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Foot from the	North/South Line	Foot from the	East/West Line	County

<sup>12</sup> Dedication: Acres 137.78	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div>16</div>	<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Paul C. Thompson</i> Signature Paul C. Thompson Printed Name President Title 12/2/1996 Date</p>
	<div>18 SURVEYOR CERTIFICATION</div> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>_____ Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Certificate Number</p>

District I  
PO Box 1904, Hobbs, NM 87411-1904  
District II  
PO Drawer DD, Artesia, NM 87211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-23291		2 Pool Code		3 Pool Name Basin Fruitland Coal		
4 Property Code 18115		5 Property Name Federal 11			6 Well Number 3	
7 OGRID No. 037581		8 Operator Name Thompson Engr. & Prod. Corp.			9 Elevation 5896	

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
I	11	28N	13W		1465	FSL	1184	FEL	San Juan

11 Bottom Hole Location If Different From Surface

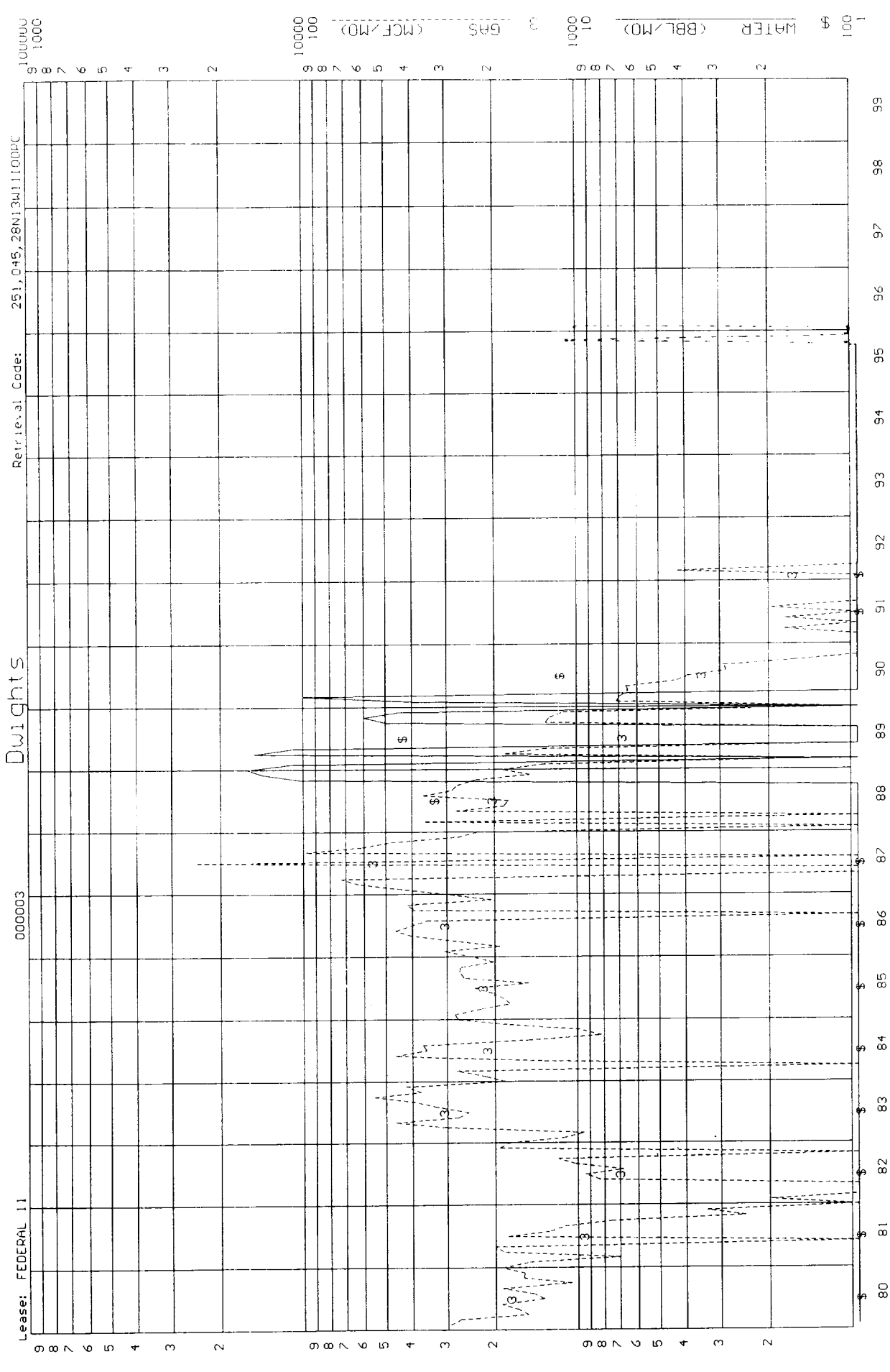
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedication Acres 275.36	13 Joint or Infill	14 Consolidation Code	15 Order No.
-------------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16					17 OPERATOR CERTIFICATION	
					I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Signature						
Paul C. Thompson						
Printed Name						
President						
Title						
12/2/1996						
Date						

18					19 SURVEYOR CERTIFICATION	
					I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.	
Signature and Seal of Professional Surveyor						
Date of Survey						
Certificate Number						



County: SAN JUAN State: NM  
 Field: KUTZ WEST (PICTURED CLIFFS) PC  
 Reservoir: PICTURED CLIFFS  
 Operator: ABBOTT RALPH G  
 Oil Cum: 0 Gas Cum: 276083  
 Location: 111 28N 13W

Date: 11-26-96

F.P. Date 01-80



Federal 11 #3  
Commingling Application

Allocation Formula

The West Kutz Pictured Cliffs was completed by the previous operator, Ralph Abbott, on May 15, 1979. Due to water production and pump problems the Pictured Cliffs was produced erratically until Thompson purchased the well in January 1996. The decline curve is attached.

The Fruitland Coal has only recently been completed and there is insufficient data to determine a stabilized flow rate or decline curve.

Since both zones appear to only be capable of marginal production, Thompson Engineering proposes to downhole commingle the production.

Both zones have very similar bottom hole pressures (approximately 180 psig from the Pictured Cliffs and 175 psig from the Fruitland Coal) so cross flow will not be a factor. Both zones produce the same amount of water. Copies of water analysis are attached. Neither zone is fluid sensitive and the fluids from the two zones are compatible.

Since neither zone has enough data to prepare a reliable production forecast, Thompson Engineering proposes to allocate the production based on a ratio of the expected reserves. Average cumulative production from Pictured Cliffs wells in this area is 706,160 Mcf of gas while Fruitland Coal wells average 454,079 Mcf. **The proposed allocation is therefore 60.9% to the Pictured Cliffs and 39.1% to the Fruitland Coal.**

**OFFSETS TO FEDERAL 11 #3  
SECTION 11, T28N R13W**

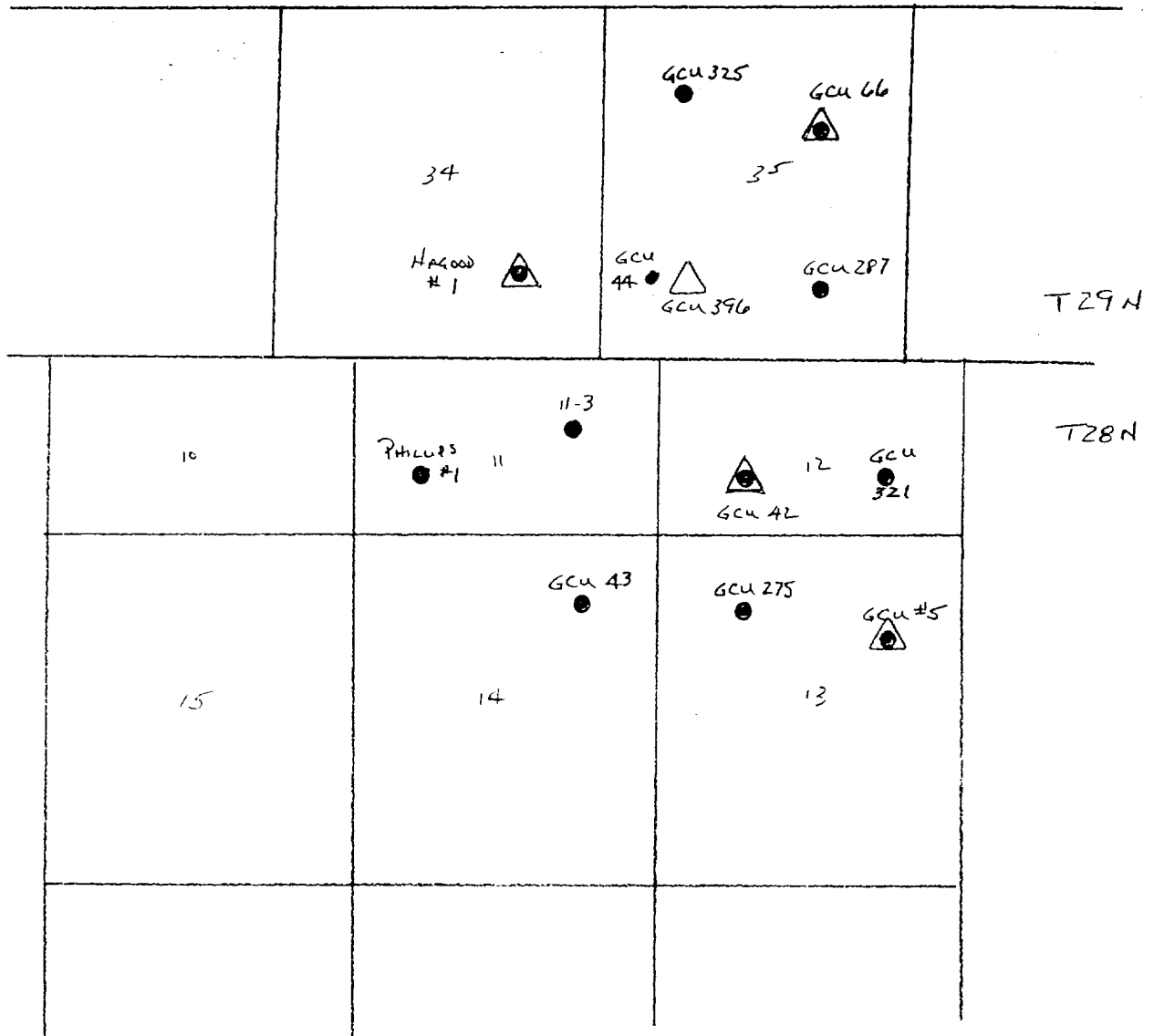
WELL NAME	CUMULATIVE PRODUCTION MCF
<b>PICTURED CLIFFS WELLS</b>	
Gallegos Canyon Unit #287	119,645
Gallegos Canyon Unit #44	895,532
Gallegos Canyon Unit #66	828,168
Gallegos Canyon Unit #275	605,463
Gallegos Canyon Unit #5	1,939,508
Gallegos Canyon Unit #43	358,228
Gallegos Canyon Unit #321	241,415
Gallegos Canyon Unit #42	1,167,923
Phillips #1	341,815
Hagood #1	563,903
	=====
<b>AVERAGE</b>	<b>706,160</b>
<b>% of TOTAL PC PLUS FTC</b>	<b>60.9</b>

**FRUITLAND COAL WELLS**

Gallegos Canyon Unit #396	489,563
Gallegos Canyon Unit #5	722,304
Gallegos Canyon Unit #42	143,492
Gallegos Canyon Unit #66	460,957
	=====
<b>AVERAGE</b>	<b>454,079</b>
<b>% of TOTAL PC PLUS FTC</b>	<b>39.1</b>

Geophysical Data

R B W



THOMPSON ENGINEERING  
FEDERAL 11 #3 OFFSETS

- PICTURED CLIFFS
- △ FRUITLAND COAL

THOMPSON ENGINEERING & PRODUCTION CORP.

**Federal 11 #3**

1465' FSL & 1184' FEL

Sec. 11, T28N, R13W

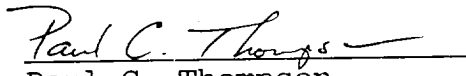
San Juan County, New Mexico

The following offset property owners have received written notice of the proposed comingling application.

AMOCO PRODUCTION COMPANY  
San Juan Operations Center  
200 Amoco Court  
Farmington, New Mexico 87401

BURLINGTON OIL  
3535 E. 30th Street  
Farmington, New Mexico

I certify that this letter has been mailed to the above property owner.

  
Paul C. Thompson

San Juan County            )  
                                  ) ss  
State of New Mexico    )

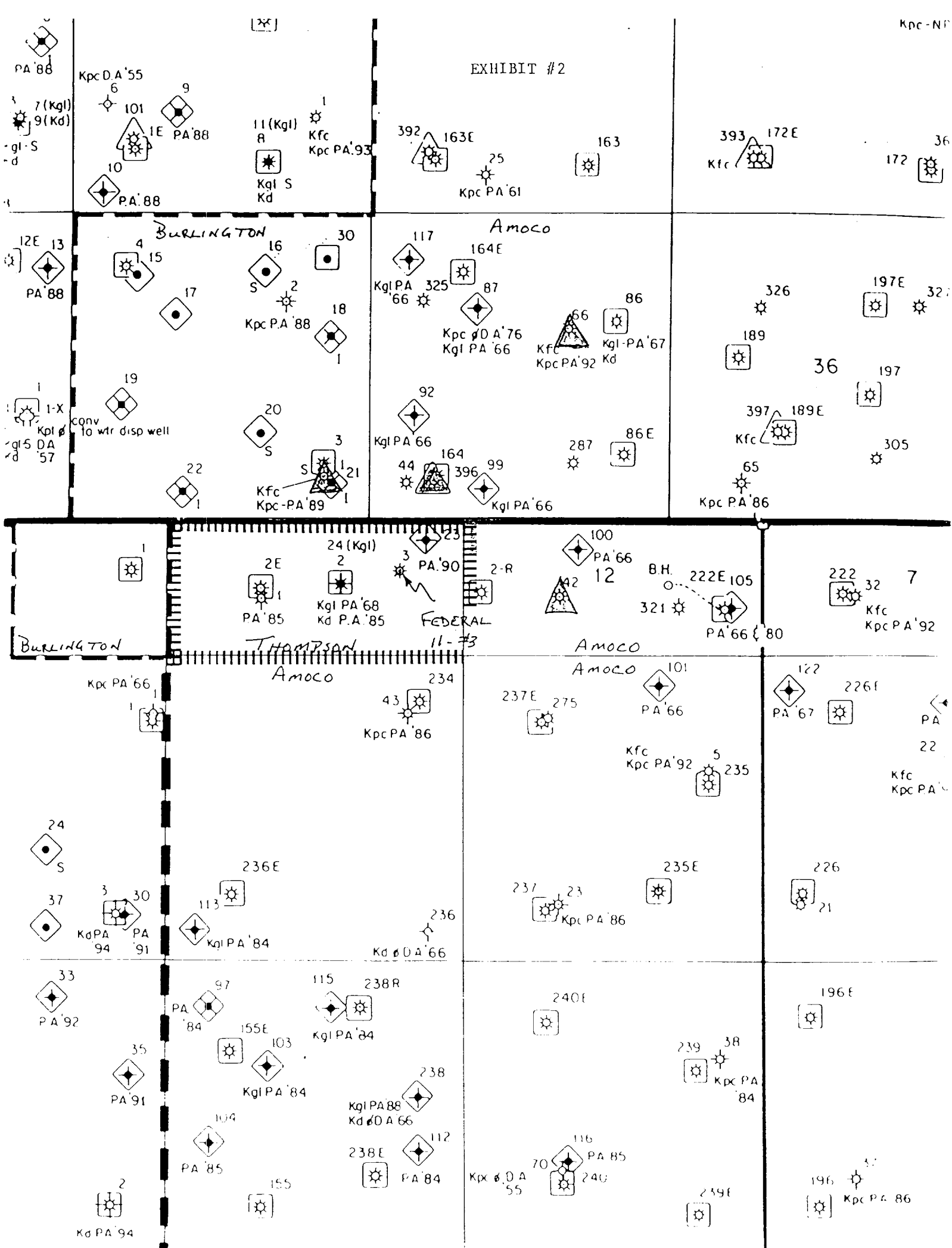
The following instrument was acknowledged before me this 6th day  
of December 1996 by Paul C. Thompson.

  
Notary Public

My Commission Expires:

July 31, 1997

## EXHIBIT #2



**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892CERTIFIED- RETURN RECEIPT

November 26, 1996

Mr. James Strickler  
Burlington Oil  
3535 E. 30th Street  
Farmington, NM 87401

Re: Application for Downhole Commingling  
Thompson Engineering  
Federal 11 #3  
1465' FSL, 1184' FEL, Section 11, T28N R13W  
San Juan County, New Mexico  
Basin Fruitland Coal and  
West Kutz Pictured Cliffs

Dear Mr. Strickler,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico. A copy of any remarks to the undersigned would be appreciated.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson  
President, Thompson Engineering

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892CERTIFIED- RETURN RECEIPT

November 26, 1996

Land Manager  
AMOCO Production Company  
200 AMOCO Court  
Farmington, NM 87401Re: Application for Downhole Commingling  
Thompson Engineering  
Federal 11 #3  
1465' FSL, 1184' FEL, Section 11, T28N R13W  
San Juan County, New Mexico  
Basin Fruitland Coal and  
West Kutz Pictured Cliffs

Dear Land Manager,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico. A copy of any remarks to the undersigned would be appreciated.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson  
President, Thompson Engineering

THOMPSON ENGINEERING & PRODUCTION CORP.

**Federal 11 #3**

1465' FSL & 1184' FEL

Sec. 11, T28N, R13W

San Juan County, New Mexico

The following working interest, royalty and overriding royalty owners have received written notice of the proposed comingling application.

U.S. GOVERNMENT  
c/o BUREAU OF LAND MANAGEMENT  
1235 La Plata Highway  
Farmington, New Mexico 87401

MERRION OIL & GAS COMPANY  
610 Reilly Avenue  
Farmington, New Mexico 87401

COLEMAN OIL & GAS COMPANY  
708 S. Tucker  
Farmington, New Mexico 87401

GEORGE E. COLEMAN  
708 S. Tucker  
Farmington, New Mexico

I certify that this letter has been mailed to the above property owners.

  
Paul C. Thompson

San Juan County                    )  
  ) ss  
State of New Mexico            )

The following instrument was acknowledged before me on this 6th  
day of December 1996 by Paul C. Thompson.

  
Notary Public

My Commission Expires:

July 31, 1997



**Federal 11 #3  
Commingling Application**

**Working, Overriding, and Royalty Interests**

**Pictured Cliffs**

<b>Owner</b>	<b>Working Interest</b>	<b>Net Revenue Interest</b>
U.S Government		0.125
Coleman Oil and Gas	0.90	0.747
Paul Thompson	0.10	0.083
Merrion Oil and Gas		0.010
George E. Coleman		0.350
	-----	-----
	1.00	1.000

**Fruitland Coal**

<b>Owner</b>	<b>Working Interest</b>	<b>Net Revenue Interest</b>
U.S Government		0.12500
Coleman Oil and Gas	0.90	0.74324
Paul Thompson	0.10	0.08258
Merrion Oil and Gas		0.01418
George E. Coleman		0.35000
	-----	-----
	1.00	1.00000

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892CERTIFIED- RETURN RECEIPT

December 2, 1996

Mr. T. Greg Merrion  
Merrion Oil and Gas  
610 Reilly Avenue  
Farmington, NM 87401

Re: Application for Downhole Commingling  
Thompson Engineering  
Federal 11 #3  
1465' FSL, 1184' FEL, Section 11, T28N R13W  
San Juan County, New Mexico  
Basin Fruitland Coal and  
West Kutz Pictured Cliffs

Dear Mr. Merrion,

As an overriding royalty owner of this well you are being notified of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico. A copy of any remarks to the undersigned would be appreciated.

Please do not hesitate to call upon me if you have any questions.

Sincerely,

Paul C. Thompson  
President, Thompson Engineering

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892CERTIFIED- RETURN RECEIPT

December 2, 1996

Mr. George E. Coleman  
c/o Coleman Oil and Gas  
P.O. Drawer 3337  
Farmington, NM 87499

Re: Application for Downhole Commingling  
Thompson Engineering  
Federal 11 #3  
1465' FSL, 1184' FEL, Section 11, T28N R13W  
San Juan County, New Mexico  
Basin Fruitland Coal and  
West Kutz Pictured Cliffs

Dear Mr. Coleman,

As a working interest owner of this well you are being notified of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico. A copy of any remarks to the undersigned would be appreciated.

Please do not hesitate to call upon me if you have any questions.

Sincerely,

Paul C. Thompson  
President, Thompson Engineering

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892CERTIFIED- RETURN RECEIPT

December 2, 1996

Mr. George E. Coleman  
Coleman Oil and Gas  
P.O. Drawer 3337  
Farmington, NM 87499

Re: Application for Downhole Commingling  
Thompson Engineering  
Federal 11 #3  
1465' FSL, 1184' FEL, Section 11, T28N R13W  
San Juan County, New Mexico  
Basin Fruitland Coal and  
West Kutz Pictured Cliffs

Dear Mr. Coleman,

As a working interest owner of this well you are being notified of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico. A copy of any remarks to the undersigned would be appreciated.

Please do not hesitate to call upon me if you have any questions.

Sincerely,

Paul C. Thompson  
President, Thompson Engineering

**BJ SERVICES COMPANY**  
**WATER ANALYSIS #FW01W046**  
**FARMINGTON LAB**

**GENERAL INFORMATION**

OPERATOR: THOMPSON ENG.  
 WELL: FED. 11-3  
 FIELD:  
 SUBMITTED BY: PAUL THOMPSON  
 WORKED BY : D. SHEPHERD  
 PHONE NUMBER:

DEPTH:  
 DATE SAMPLED:  
 DATE RECEIVED: 10/17/96  
 COUNTY:  
 FORMATION: PICTURED CLIFFS  
 STATE: NM

**SAMPLE DESCRIPTION**

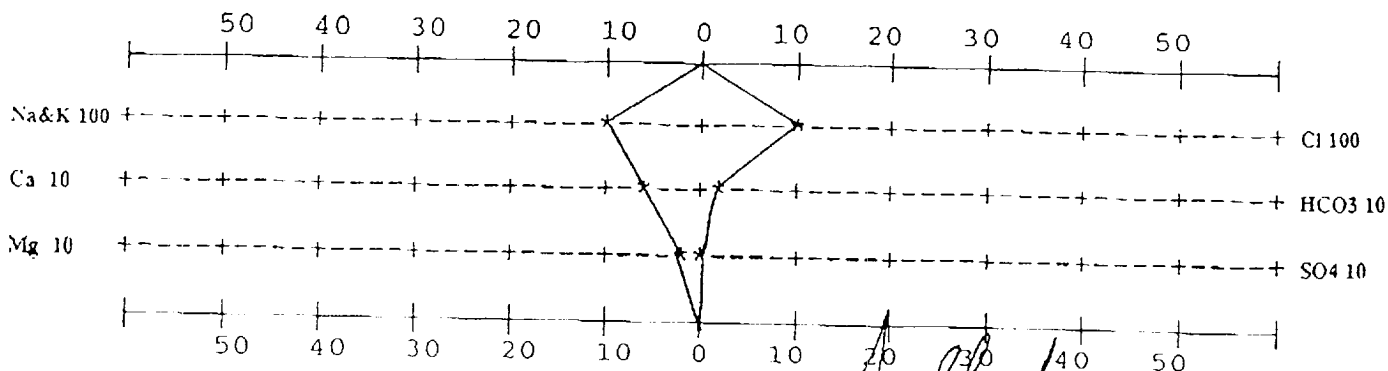
SAMPLE FOR ANALYSIS

**PHYSICAL AND CHEMICAL DETERMINATIONS**

SPECIFIC GRAVITY:	1.040	@ 78°F	PH:	7.27
RESISTIVITY (MEASURED ):	0.100	ohms @ 75°F		
IRON (FE++) :	3	ppm	SULFATE:	0 ppm
CALCIUM:	1,232	ppm	TOTAL HARDNESS	3,791 ppm
MAGNESIUM:	173	ppm	BICARBONATE:	798 ppm
CHLORIDE:	35,112	ppm	SODIUM CHLORIDE (Calc)	57,759 ppm
SODIUM+POTASS:	21,324	ppm	TOT. DISSOLVED SOLIDS:	61,025 ppm
H2S: NO TRACE			POTASSIUM PPM:	73

**REMARKS**

**STIFF TYPE PLOT (IN MEQ/L)**



ANALYST

*D. Shepherd*  
 D. SHEPHERD



Report Date: 12/03/96  
Report Time: 12:18:24

REPORT NO: CGME747 - 01  
Page No: 2

EL PASO NATURAL GAS COMPANY  
Volume Calculation & Distribution Department  
Monthly Volume and Analysis for December, 1995 thru December, 1995

PICTURED CLIFFS.

Meter: 90624 - FEDERAL 11 #3 71274865 LCP-PS.  
Oper : 0523 - THOMPSON ENGINEERING & PROD  
Reporting party:  
MCA / CDM

- \*\*\* No Reporting Party \*\*\*

Reporting party:

Mole % / GPM

0523 - THOMPSON ENGINEERING & LABORATORY		Mole % / GPM										BTU	Spec Grav	GPM	
		CO2	H2S	N2	C1	C2	C3	IC4	NC4	ICS	NC5	C6P			
Effective		0.640	0.000	0.390	93.480	4.800	0.420	0.080	0.090	0.030	0.020	0.050	1055	0.595	1.494
12/01/95		0.000	0.000	0.000	0.000	1.284	0.116	0.026	0.028	0.011	0.007	0.022			



1115 Farmington Avenue  
Farmington, N.M. 87401  
(505) 325-6622

Analysis No. TOG60004  
Cust. No. 77000-10035

### WELL/LEASE INFORMATION

Company	: THOMPSON ENG & PROD	Source	:
Well Name	: FEDERAL 11 #3	Pressure	: 55 PSIG
County	: SAN JUAN	Sample Temp.	: 47 DEG.F
State	: NM	Well Flowing	: YES
Location	: 11-28N-13W	Date Sampled	: 11/29/96
Fld/Formation	: FRUITLAND COAL	Sampled By	: PAUL THOMPSON
Cust.Stn.No.	:	Foreman/Engr	:

Remarks:

### ANALYSIS

COMPONENT	MOLE %	GPM**	B.T.U.*	SP.GR.*
NITROGEN	2.466	0.0000	0.00	0.0239
CO2	0.606	0.0000	0.00	0.0092
METHANE	91.658	0.0000	927.85	0.5077
ETHANE	3.127	0.8365	55.46	0.0325
PROPANE	1.189	0.3277	29.99	0.0181
I-BUTANE	0.237	0.0775	7.72	0.0048
N-BUTANE	0.292	0.0921	9.55	0.0059
I-PENTANE	0.119	0.0435	4.77	0.0030
N-PENTANE	0.073	0.0264	2.93	0.0018
HEXANES	0.233	0.1016	11.98	0.0075
TOTAL	100.000	1.5053	1050.26	0.6144

\* @ 14.730 PSIA DRY & UNCORRECTED FOR COMPRESSIBILITY

\*\* @ 14.730 & 60 DEG. F

COMPRESSIBILITY FACTOR	(1/Z)	1.0023
BTU/CU.FT. (DRY) CORRECTED FOR	(1/Z)	1052.7
BTU/CU.FT. (WET) CORRECTED FOR	(1/Z)	1034.4
REAL SPECIFIC GRAVITY		0.6156

ANALYSIS RUN AT 14.730 PSIA & 60 DEGREES F

CYLINDER #	: 026
CYLINDER PRESSURE	: 42 PSIG
DATE RUN	: 12/02/96
ANALYSIS RUN BY	: CHELLE DURBIN





NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1426

Thompson Engineering & Production Corp.  
7415 E. Main  
Farmington, New Mexico 87402

Attention: Paul C. Thompson

RECEIVED  
JAN 22 1997

OIL CON. DIV.  
DIST. 3

Federal "11" Well No. 3  
API No. 30-045-23291  
*Unit I, Section 11, Township 28 North, Range 13 West, NMPM,  
San Juan County, New Mexico.  
Basin-Fruitland Coal (Gas - 71629) and  
West Kutz-Pictured Cliffs (Gas - 79680) Pools*

Dear Mr. Thompson:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

The applicant shall consult with the supervisor of the Division's Aztec District Office in order to determine a proper method of allocation of production from the subject well.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

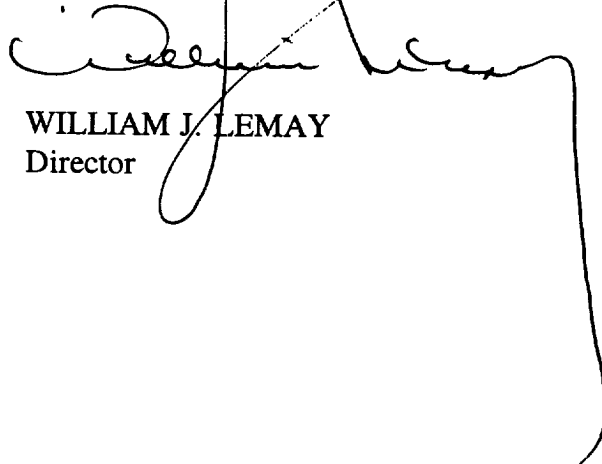
Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 16th day of January, 1997.

*Administrative Order DHC-1426*  
*Thompson Engineering & Production Corp.*  
*January 16, 1997*  
*Page 2*

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STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director

S E A L

WJL/DRC

cc: Oil Conservation Division - Aztec /  
Bureau of Land Management-Farmington